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Patricia Banks Morrison
Senior Counsel

tmorrison@scana.com



December 22, 2005

Via Electronic Mail and U.S. Mail

The Honorable Charles L.A. Terreni
Chief Clerk & Administrator
Public Service Commission of South Carolina
ATTN: Docketing Department
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Request for Investigation to Determine Whether a Regulation Should be
Promulgated Requiring Relocation of Certain Meter Sets or Installation of
Splash Guards on These Meter Sets
Docket No. 2005-270-G

Dear Mr. Terreni:

Please find enclosed for filing the original and twenty-five copies of South
Carolina Electric & Gas Company's Direct Testimony of Martin K. Phalen. By copy of
this letter, I am serving this testimony on all parties of record.

Thank you for your kind assistance in this matter.

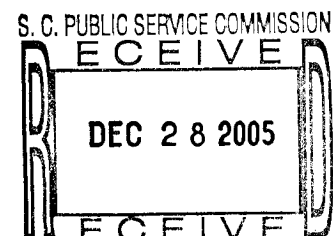
With kind regards,


Patricia Banks Morrison

PBM/kms
Enclosures

cc: James H. Jeffries, IV
Jan M. Ayer
Kerry McTigue
Paul W. Dillingham
Shannon Bowyer Hudson

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CERTIFICATE OF SERVICE VIA MAIL

I hereby certify that on December 22, 2005, a copy of South Carolina Electric & Gas Company's DIRECT TESTIMONY OF MARTIN K. PHALEN was served on the parties listed below at the addresses indicated by depositing a true copy thereof in the United States Mail at Columbia, South Carolina, in an envelope with adequate first-class postage duly affixed and a return address clearly indicated thereon and addressed to:

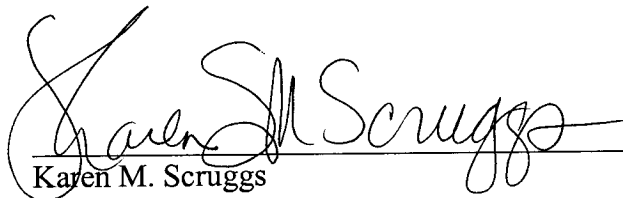
James H. Jeffries IV
Moore & Van Allen LLC
Bank of America Corporate Center
100 North Tryon Street, Suite 4700
Charlotte, NC 28202-4003

Jan M. Ayer
1140 Ridgecrest Avenue
North Augusta, SC 29841

Kerry McTigue
Piedmont Natural Gas Company, Inc.
Nelson Mullins Riley & Scarborough, LLP
1320 Main Street, Suite 1700
Columbia, SC 29201

Paul W. Dillingham
Spencer & Spencer, P.A.
226 East Main Street, Suite 200
Post Office Box 790
Rock Hill, SC 29731

Shannon Bowyer Hudson
Office of Regulatory Staff
Post Office Box 11263
Columbia, SC 29211



Karen M. Scruggs

Re: Request for Investigation to Determine Whether a Regulation Should Be Promulgated Requiring Relocation of Certain Meter Sets or Installation of Splash Guards on These Meter Sets

Docket No. 2005-270-G

1 informed decision on this matter and therefore has scheduled a public hearing for
2 January 19, 2005 to receive additional information.

3 In addition, on September 1, 2005, the ORS issued Advisory Bulletin #:
4 EGPS080501 to "All Jurisdictional Gas and Hazardous Liquid System Operators in
5 South Carolina" issued September 1, 2005. This advisory went to all gas system
6 operators explaining that certain meter sets in service and affected by water spillage or
7 rainwater runoff could result in over-pressure downstream of the meter if the regulator
8 vent iced over during sub-freezing temperatures.

9 My testimony will address SCE&G's prior use of the meter set configuration in
10 question and the steps taken by the Company to either rebuild those meter sets or
11 install splashguards in accordance with the recommendations of the ORS.

12 **Q. DOES SCE&G UTILIZE THE METER SET CONFIGURATION IN**
13 **QUESTION?**

14 A. Yes. SCE&G has identified 8,524 such meter set configurations known to
15 be on its system. There are no plans to install any additional such meter sets in the
16 future.

17 **Q. HAS THE COMPANY OR ANY OF ITS CUSTOMERS EXPERIENCED**
18 **ANY PROBLEMS WITH SUCH A CONFIGURATION?**

19 A. Prior to January 2005, SCE&G is not aware of any incidents that may be
20 attributed to the regulator vent on this meter set configuration freezing. Since then the
21 North Augusta Public Safety Office notified SCE&G about an incident that occurred on
22 January 29, 2005 during an ice storm at the residence of Ms. Jan Ayer, an SCE&G
23 customer in North Augusta and an Intervenor in this Docket. Our investigation of that

1 matter revealed that the incident occurred when rainwater channeled in a valley on the
2 customer's roof and splashed onto the gas regulator below. The configuration of the
3 meter set allowed for the accumulation of water on the regulator vent screen which then
4 froze. This in turn caused the regulator to malfunction, preventing it from venting and
5 resulting in an overpressure condition on the customer's fuel line. An ignition then
6 occurred due to a failure of the customer's gas water heater located on a porch
7 attached to Ms. Ayer's home. Fortunately no one was injured and the property damage
8 was not extensive.

9 **Q. WHAT REMEDIAL ACTION HAS SCE&G TAKEN WITH RESPECT TO**
10 **THESE METER SETS?**

11 A. The event reported at Ms. Ayer's residence is the only incident SCE&G is
12 aware of that may be related to this meter set configuration. However, after this
13 complaint, out of an abundance of caution, the Company conducted a system survey to
14 identify all of the relevant meter set configurations at each premise. That survey
15 indicated an estimated 12,800 such meter sets out of approximately 311,779 total
16 meters with this configuration. SCE&G reported this number to ORS and its proposed
17 plan for remedial action, described below.

18 When conducting its survey, SCE&G determined that most of these
19 configurations could be remedied by installation of a splashguard that would prevent
20 rainwater splashing up from the meter onto the vent screen. The remainder of the
21 meter sets would have to be rebuilt. During the course of the remediation project, the
22 Company verified that the actual number of meter sets with this configuration to be

1 8,524. SCE&G included all such meter sets in its remediation project, not just those
2 potentially subject to water-spillage or rainwater runoff.

3 I am pleased to report that SCE&G completed its remediation plan on December
4 20, 2005. In total, SCE&G installed 8,321 splashguards and rebuilt 203 meter sets,
5 accounting for all known meter set configurations of this type on SCE&G's system. The
6 remediation actions taken by the Company support SCE&G's continuing corporate
7 commitment to provide our customers with safe and reliable natural gas service

8 **Q. SHOULD THE COMMISSION INSTITUTE A RULE-MAKING**
9 **PROCEEDING ON THIS MATTER?**

10 A. No. SCE&G has successfully completed remediation of all known meter
11 set configurations identified in this matter. The Company has no plans to install any
12 additional such configurations in the future. If any additional such meter set
13 configurations are found on the system in the future, SCE&G is committed to take this
14 same remedial action with respect to those sets.

15 In addition, SCE&G responded to ORS Advisory Bulletin #: EGPS080501 by
16 notifying the ORS of the results of its system survey and its remediation plans. SCE&G
17 is informed and believes that the ORS is satisfied with the Company's remediation
18 actions.

19 As there is no foreseeable likelihood that SCE&G will install any new meter set
20 configurations of the type at issue here and since all such known sets have received
21 splashguards or been rebuilt, the Company does not believe any additional proceedings
22 on this issue would be in the public interest. Therefore, SCE&G would respectfully
23 request that the Commission close this docket and not proceed with any further action.

1 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

2 **A. Yes, this concludes my testimony.**